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DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Care Financing Administration

Center for Medicaid and State Operations
Family and Children's Health Programs Group
7500 Security Boulevard
Baltimore, Maryland 21244-1850

AUG 19 1998

Mr Greg Vadner
Director
Department of Social Services
Division of Medical Services
P O Box 6500
Jefferson City, Missouri 65102

Dear Mr. Vadner:

The Health Care Financing Administration (HCFA) has reviewed your June 26 request for amendments to your approved Title XXI plan and Section 1115 Medicaid demonstration entitled, Managed Care Plus (MC+). This request came about as a result of legislation which was passed by the Missouri State Legislature and which is to be effective August 26, 1998.

CHANGES TO CROWD-OUT POLICY

During our review of the State legislation to create your program, we noticed that there is a change to the crowd-out policy that requires that the affordability of health insurance be ascertained when evaluating eligibility for Title XXI. The legislation specifies that affordability be determined by comparing the health insurance monthly dependent premium to 133 percent of the monthly statewide weighted average for child(ren) premium required by the Missouri Consolidated Health Care Plan. If the premiums are less than or equal to 133 percent of the monthly average premium for children required by the Missouri Consolidated Health Care Plan then the premiums are deemed affordable and shall result in ineligibility for the child(ren). Please include in your Section 1115 Medicaid modification request a Title XXI amendment request for this additional eligibility criterion.

COST SHARING REQUIREMENTS

One of the amendments requested would require a \$5 co-payment at the time of professional service for children with a family income between 185 percent of the Federal Poverty Level (FPL) and 225 percent of the FPL. The other amendment would require a \$10 co-payment at the time of the professional service, a \$5 co-payment per prescription, and a monthly premium for those children with a family income from 226 percent of the FPL and 300 percent of the FPL. Co-payments would not be required for well-baby or well-child visits and immunizations, and total payments would be capped at five percent of the family's gross income. Non-payment of the

premiums within 20 days of the premium due ~~date~~ would ~~result in a six-month disenrollment~~ from the **MC+** program.

Because the children in your Title **XXI** plan would be ~~made~~ Medicaid eligible, ~~these changes~~ can only be approved through an amendment ~~to~~ your Section **1115** Medicaid demonstration. Please submit an amendment request and include in your request the following:

1. The Section 1115(a)(1) waivers requested ~~and~~ the Section 1115(a)(2) costs not otherwise matchable.
2. Descriptions of the populations affected and the rationale for applying the proposed cost-sharing.
3. The hypotheses to ~~be~~ tested under the demonstration.
4. The research design, including data ~~to~~ be included, ~~analysis~~ plan, and ~~who~~ will conduct the evaluation. The analysis plan ~~must cover the entire five-year~~ demonstration period.

This constitutes our notification that specific information ~~is needed to fully assess the concerns~~ raised in this letter. ~~The 90-day review period has been~~ stopped by this request. Once we have made a decision on your section 1115 amendment, we should be able to simultaneously ~~make~~ the decision on your Title **XXI** modification request.

If you have questions or concerns ~~regarding the matters raised in this~~ letter, your staff may contact either Ms. Goetschius at (410) 786-0707 or ~~Nan~~ Foster-Reilly of the **HCFA Region VII** Division of Medicaid and State Operations, at (816) 426-3406. They will provide ~~or~~ arrange for any technical assistance that you ~~may~~ require in preparing your response. Your cooperation is greatly appreciated.

Sincerely,

(S)
Richard Fenton
Deputy Director

cc: KCRO